

AR11

File

Riley's

DATASHARE
INTERNATIONAL LTD.



*annual
report
may
1972*

BOARD OF DIRECTORS:

R. C. BROWN	Retired. Former President Hudson's Bay Oil and Gas Company Limited. Former Director and Vice-President Continental Oil Company.
WILLIAM A. FRILEY	President, Skyeland Oils Ltd., Chancellor of the University of Calgary, Former Executive Vice- President and Director Great Northern Oil Ltd.
DUGALD MacLACHLAN	Vice-President and Secretary-Treasurer Riley's DataShare International Ltd.
ARVIL D. MINOR	Chairman of the Board and President, Riley's DataShare International Ltd.
TERRY SPARKS	Vice-President and General Manager Riley's DataShare International Ltd.
H. RICHARD WHITTALL	Partner, Richardson Securities of Canada

OFFICERS:

ARVIL D. MINOR	President
TERRY SPARKS	Vice-President and General Manager
DUGALD MacLACHLAN	Vice-President and Secretary-Treasurer
M. C. J. WOLSTONCROFT	Assistant Treasurer

TO THE SHAREHOLDERS:

Fiscal year end May 31, 1972 closed a year of acquisition, expansion and consolidation in our areas of strength, combined with elimination of weaker situations and environments.

Situations and environments eliminated included closing our Winnipeg office, sale of Eastern Canada Ottawa operations to Kern of Canada Ltd., complete removal of certain supply lines and items, substantial staff reduction of personnel and functions of head office and elimination of significant non-recurring costs by absorbing certain strengths of our Central Marketing Group into operations.

Certain extraordinary items are shown in our statement of earnings for the year. In addition to these items we have absorbed other expenses during the year, some of which represented costs which will be eliminated in the forthcoming year by reason of policy steps that have been taken to tighten up cost controls. All these costs together represent an amount of about thirty cents per share.

Sales reached an all-time high of \$4,075,200. Net earnings from operations were a loss of \$133,600 compared with \$50,500 profit for last year and a loss of \$764,200 the preceding year. Extraordinary earnings were a loss of \$103,700 compared with a profit of \$228,300 last year. This produces an operating loss of eleven cents per share and an extraordinary loss of eight cents per share.

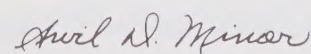
We are pleased to report for the first quarter ending August 31, 1972 sales of \$1,015,168 which resulted in net earnings from operations before extraordinary income of \$29,298. This compares with sales of \$1,001,087 and net earnings from operations before extraordinary income of \$18,883 a year ago for the same period.

The expansion, consolidation and acquisition areas are sufficiently timely and noteworthy to cover in more detail elsewhere in this report. For the first year in several we predict a rising economy in the year ahead. We are pleased with our current structure and ability to meet this new growth environment.

Our cash position is in a strong condition to meet the current opportunities and challenges.

For so many new sales records, for developing these primarily in strength and growth areas, for adapting with positive and untiring efforts to a very dynamic year, we again wish to thank all our employees as well as express our appreciation to our customers for their continued confidence and support and a special welcome to all the new products and services users.

On behalf of the Board



Arvil D. Minor
President

SUMMARY OF RILEY'S EXPANSION AND CONSOLIDATION

Petro-Well Libraries

Our company acquired all the business and certain assets of Petro-Well Libraries Ltd. whose excellent microfilm well log system and bank of exploration historical and production data adds significantly to our Oil Industry Service capabilities. In the changing environmental usage of well data the industry is using more parallel services in combination from the three basic areas of hard copy information, more utilization of microfilm in space-saving mode and computerized formats. Riley's continue to keep pace with industry needs in data handling and management services.

Reproduction Expansion

Our company acquired new reproduction equipment during the year to a total amount exceeding \$100,000. Much of this new equipment contributed substantially to several recent all-time record months in sales in certain of our reproduction facilities.

Our Vancouver office moved to a new and improved location with accompanying costs and investments exceeding \$50,000.

Riley's Graphics Division

Riley's Graphics Division continued substantial sales growth despite curtailment of Eastern Canada marketing efforts directly, with more emphasis on dealer coverage in that area. Our confidence in the growth opportunities of dry transfer products continues. Evaluation of improved ways and means of participating more fully in this growth is high on our priorities currently.

Kern Survey Equipment

Kern survey equipment sales continued to grow across Canada. However, by agreement with Kern

Canada Ltd., we were pleased to turn the long range and substantial costs of continuing development of Eastern Canada over to them while retaining our sales and rental divisions for this line in Western Canada on a sound economic basis.

Sales and Marketing Effort

Our substantial investment in the Central Marketing Group not only resulted in key areas of growth in sales, but also helped identify our areas of strength for current and future emphasis in a unique and timely manner. Some of the key personnel have become part of our operations. The effort has been modified to coincide with our present sphere of operations, therefore, a substantial amount of the costs involved in this areas in the year just ended are non-recurring.

Exploration Data Exchange

Exploration Data Exchange had another growth year and in the latter part of our fiscal year entered the storage business as a part of the "Data Management" plan which is serving the Oil Industry in increasing value in the Seismic Industry.

Digital Division

Riley's Digital Division experienced a small but encouraging increase in sales which resulted in a small operating loss. During the year this division became truly international in sales. This led to a worldwide marketing agreement for the sale of Riley's Digital products through a well known company which has substantial worldwide computer installations combined with sound and aggressive marketing facilities.

Certain of our highly confidential projects have resulted in our reliable digital well logs being used in further developmental work on a mean-

ingful new tool to aid decision makers in exploration for oil and gas. This has resulted in formation of a joint venture group of which Riley's is a part.

The market for reliable, quality oriented digital well logs continues to grow slowly.

Riley's Personnel

This division has grown steadily during the past year primarily in developing a reputation of providing excellent and timely services. The division produced a small profit. We anticipate the possibility of expansion of both space and personnel during the year ahead.

Real Estate and Riley's Office Services

This division provides the business community with furnished and unfurnished office space including receptionist and reception area, secretarial and clerical assistance, telephone answering and mailing services. It produced a small but meaningful profit during the past year.

Certain of our real estate properties indicate significant growth in future values as evidenced by both tentative and firm offers during the year. Our Board of Directors was unanimous in refusal of the firm offers made.

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Riley's DataShare International Ltd. and subsidiaries as of May 31, 1972 and the consolidated statements of earnings and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies at May 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta

August 24, 1972

Peat, Marwick, Mitchell & Co.

Chartered Accountants

Riley's DataShare International Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEET
 May 31, 1972 (with comparative figures for 1971)

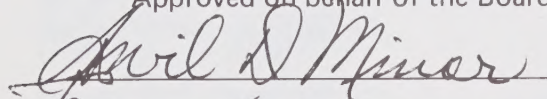
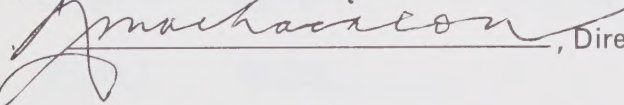
<u>Assets</u>	<u>1972</u>	<u>1971</u>
Current assets:		
Cash, including deposit receipts	\$ 445,000	516,400
Accounts receivable:		
Trade	708,200	738,400
Other	37,900	46,300
Inventory of materials — at lower of cost or net realizable value	628,600	660,100
Prepaid expenses and deposits	<u>25,500</u>	<u>28,700</u>
Total current assets	<u>1,845,200</u>	<u>1,989,900</u>
Investments — at cost:		
Shares, market value of \$10,900 (1971- \$16,800)	7,100	7,100
Shares, no quoted market value	4,800	4,700
Cash surrender value of life insurance	<u>32,600</u>	<u>28,700</u>
	<u>44,500</u>	<u>40,500</u>
Property, plant and equipment — at cost (Notes 2 and 5)	2,165,100	2,030,900
Less accumulated depreciation and amortization	<u>1,080,300</u>	<u>984,200</u>
	<u>1,084,800</u>	<u>1,046,700</u>
Research and development expenses — net (Note 3)	859,600	864,500
Less digital log research contributions (Note 4)	<u>859,600</u>	<u>864,500</u>
	<u>-</u>	<u>-</u>
Goodwill — at cost less amounts written off (Note 1)	<u>456,400</u>	<u>436,700</u>
Other assets — at cost	<u>800</u>	<u>600</u>
	<u>\$3,431,700</u>	<u>3,514,400</u>

See accompanying notes.

<u>Liabilities</u>	<u>1972</u>	<u>1971</u>
Current liabilities:		
Bank loan — secured	\$ 8,300	—
Accounts payable and accrued liabilities	924,000	723,400
Taxes other than income taxes	33,500	30,200
Current portion of long-term debt	<u>75,300</u>	<u>87,200</u>
Total current liabilities	<u>1,041,100</u>	<u>840,800</u>
Long-term debt (Notes 5 and 10)	667,800	767,700
Less current portion — above	<u>75,300</u>	<u>87,200</u>
	<u>592,500</u>	<u>680,500</u>
Shareholders' equity:		
Capital stock (Notes 5 and 6):		
Authorized 2,400,000 shares without nominal or par value		
Issued 1,284,458 shares (1971 — 1,267,738)	2,503,500	2,461,200
Contributed surplus	348,800	348,800
Deficit	(1,054,200)	(816,900)
	<u>1,798,100</u>	<u>1,993,100</u>

Commitments and contingencies (Notes 4, 7 and 10)

Approved on behalf of the Board:

 , Director
 , Director

<u>\$3,431,700</u>	<u>3,514,400</u>
--------------------	------------------

See accompanying notes.

Riley's DataShare International Ltd. and Subsidiaries

CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT

Year ended May 31, 1972 (with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
Sales	\$4,075,200	3,793,500
Interest and other income — net	47,500	53,700
Rental Income	<u>63,600</u>	<u>56,600</u>
	<u>4,186,300</u>	<u>3,903,800</u>
Cost of goods sold and operating expenses		
exclusive of items shown below	4,133,700	3,626,600
Depreciation and amortization	121,800	111,300
Amortization of research and development expenses	4,900	1,700
Interest:		
Long-term debt	53,500	55,600
Other	<u>6,000</u>	<u>19,400</u>
	<u>4,319,900</u>	<u>3,814,600</u>
Net earnings (loss) before the following	(133,600)	89,200
Income taxes (Note 8)	<u>—</u>	<u>38,700</u>
Net earnings (loss) before extraordinary items	<u>(133,600)</u>	<u>50,500</u>
Extraordinary items — net of applicable expenses		
and income taxes:		
Provision for costs re shut down of certain		
branches	(101,500)	—
Adjustment of write down of research and		
development expenses through receipt		
of Government grant	36,800	84,100
Provision for loss on sale of equipment	—	(9,400)
Write off of goodwill	(39,000)	—
Gain on sale of investments	—	114,900
Recovery of income taxes arising on application		
of prior year's loss carry forward	<u>—</u>	<u>38,700</u>
	<u>(103,700)</u>	<u>228,300</u>
Net earnings (loss) for the year	(237,300)	278,800
Deficit beginning of year	<u>816,900</u>	<u>1,095,700</u>
Deficit end of year	<u>\$1,054,200</u>	<u>816,900</u>
Earnings (loss) per share		
(based on average number of shares outstanding):		
Net earnings (loss) before extraordinary items	\$(.11)	.04
Extraordinary items	(.08)	.19
Net earnings (Loss)	<u>\$(.19)</u>	<u>.23</u>

See accompanying notes.

Riley's DataShare International Ltd. and Subsidiaries

CONSOLIDATED STATEMENT of SOURCE and APPLICATION of FUNDS

Year ended May 31, 1972 (with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
Source of funds:		
Net earnings (loss)	\$(237,300)	278,800
Add (Deduct) items not requiring cash outlay — net:		
Write off of goodwill	39,000	—
Depreciation and amortization	126,700	113,000
Gain on sale of investments	—	(114,900)
Loss on sale of fixed assets	4,700	—
Other	5,000	—
	<u>175,400</u>	<u>(1,900)</u>
 Total funds provided from (applied to) operations	 (61,900)	 276,900
 Sale of shares	 42,300	 141,300
Proceeds on sale of investments	—	279,400
Proceeds on sale of fixed assets	16,000	7,700
Proceeds on issue of long-term debt	—	23,000
Refund of rental deposit	—	14,000
Total funds provided	<u>(3,600)</u>	<u>742,300</u>
 Application of funds:		
Purchase of fixed assets	181,800	44,900
Reduction of long-term debt and contributions	88,000	137,700
Increase in cash surrender value of life insurance	3,900	3,900
Purchase of investments	100	48,500
Goodwill (Note 1)	42,300	141,300
Acquisition of subsidiary	20,100	—
Other	<u>5,200</u>	<u>—</u>
 Total funds applied	 <u>341,400</u>	 <u>376,300</u>
 Increase (decrease) in working capital	 <u>\$(345,000)</u>	 <u>366,000</u>

See accompanying notes.

Riley's DataShare International Ltd. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 May 31, 1972

1. Principles of Consolidation

The consolidated financial statements include the accounts of Riley's DataShare International Ltd. and the accounts of its wholly-owned subsidiaries.

The excess of the purchase price of the shares of subsidiaries over their underlying net book value at dates of acquisition (net of amounts written off) has, on consolidation, been included in "Goodwill" in the accompanying consolidated balance sheet. During the year, \$42,300 was debited to this account pursuant to the Exploration Data Exchange Ltd. agreement; \$16,400 was debited in connection with the purchase of a subsidiary; and \$39,000 was written off relating to operations on which no goodwill remains.

As set out in Note 6, an indeterminable number of shares of the Company may be issued in the future as additional consideration for the acquisition of the shares of Exploration Data Exchange Ltd. The value ascribed to such additional shares on their dates of issue will be added to "Goodwill."

2. Property, Plant and Equipment

	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net Book Value May 31, 1972</u>
Land	\$ 266,500	—	266,500
Buildings	654,500	223,200	431,300
Machinery and equipment	827,200	566,600	260,600
Furniture and fixtures	314,800	239,700	75,100
Automotive equipment	25,600	17,100	8,500
Leasehold improvements	74,500	33,300	41,200
Parking lot	2,000	400	1,600
	<u>\$2,165,100</u>	<u>1,080,300</u>	<u>1,084,800</u>
Totals at May 31, 1971	<u>\$2,030,900</u>	<u>984,200</u>	<u>1,046,700</u>

3. Research and Development Expenses

Research and development expenses represent the amount expended on the digital oilwell log program to May 31, 1970 net of accumulated amortization and write down. Research and development expenses are carried in the accompanying balance sheet at an amount equal to the Company's Digital Log Research Contributions as discussed in Note 4.

4. Digital Log Research Contributions

Research contributions consist of the following:

Government of Canada	\$347,000
Other participants	<u>512,600</u>
	<u>\$859,600</u>

4. Digital Log Research Contributions — Continued

The Government of Canada has advanced to the Company, under the Program for Advancement of Industrial Technology, certain funds which are repayable only if the results of the research project are put to commercial use. The repayment agreement provides for repayment of the contributions together with interest at 5 3/4% at a rate based on 4% of certain sales resulting from the project. Pursuant to the agreement, interest of \$102,693, the repayment of which is contingent on sales, has accrued to May 31, 1972 and has not been reflected in the accompanying accounts.

Contributions totalling \$363,700 made by other participants are repayable in the form of discounts on digitized log purchases until such time as the oil-well log digital division attains a reasonable profit and cash flow (which has not yet occurred) as stated in the agreements with the participants; at such time the participants shall have the right to recover balances then owing to them on the basis of one-fifth of the balance per year over a five year period, less discounts allowed on purchases during each year. Contributions totalling \$148,900 are repayable on a discount basis only.

5. Long-term Debt

Long-term debt consists of the following:

	<u>Total</u>	<u>Current</u>	<u>Non-Current</u>
9 1/2% Convertible debenture, due January 15, 1975	\$300,000	—	300,000
10% Mortgage payable, payable \$2,300 monthly principal and interest to November 1, 1974 and balance on November 1, 1974	201,700	8,700	193,000
Note payable, without interest, payable \$300 monthly	4,800	3,600	1,200
Conditional sales agreements 14 1/2% - 15 1/2% redeemable in monthly installments of \$1,300 maturing January 1975	18,500	9,700	8,800
Other debt	<u>142,800</u>	<u>53,300</u>	<u>89,500</u>
	<u>\$667,800</u>	<u>75,300</u>	<u>592,500</u>

5. Long-term Debt — Continued

9 1/2% Convertible debenture:

The debenture is secured by a first fixed and specific mortgage and charge on certain lands and premises of the Company together with all buildings, structures, improvements and fixtures upon the said lands and premises.

It is redeemable at the option of the Company after, but not on or before, January 15, 1973, at the principal amount thereof, plus accrued interest plus a premium of 9 1/2% if redeemed on or after January 16, 1973 and on or before January 15, 1974, and at the principal amount thereof, plus accrued interest plus a premium of 4 3/4% if redeemed on or after January 16, 1974 and on or before January 14, 1975.

The debenture is convertible, in multiples of \$75,000 of principal amount thereof, into shares without nominal or par value of the capital stock of the Company. In consideration for certain modifications in the terms of the debenture, the conversion terms were modified during the year and are as follows: \$5 per share if conversion takes place on or before January 15, 1973; \$6 per share if conversion takes place on or before January 15, 1974; and \$7 per share if conversion takes place on or before January 15, 1975; the conversion price and the rate of conversion are subject to adjustment under certain circumstances.

The debenture contains certain restrictions on the payment of dividends.

Other debt:

Pursuant to the terms of a lease agreement, the Company on February 17, 1971 purchased certain machinery and equipment. Subsequently, the Company sold certain of this machinery and equipment and the proceeds were applied as partial payment on the purchase price.

Other debt includes the balance payable on the purchase price resulting from the foregoing transaction in the amount of \$136,100. It is repayable in equal monthly instalments of \$4,253 principal and interest through January 17, 1975, bears interest at the rate of 12.3% per annum, and is secured by a chattel mortgage on certain machinery and equipment.

6. Capital Stock

During the year, the following shares were issued:

<u>Number</u>		<u>Amount</u>
16,720	Issued as additional consideration for all the issued and outstanding shares of Exploration Data Exchange Ltd. at a value of \$2.53 per share	
		<u>\$42,300</u>
<u>16,720</u>		<u>\$42,300</u>

Pursuant to the terms of the Exploration Data Exchange Ltd. acquisition agreement, an indeterminable further number of shares may be required to be issued in 1973 as additional consideration for the shares acquired. The number of shares to be issued is dependent upon future earnings of the business of the acquired Company and future market value of the capital stock of Riley's DataShare International Ltd.

The aggregate market value (at the dates of issue) of the additional shares to be issued hereunder is not to exceed \$16,400.

Stock options:

The Company has reserved 50,000 treasury shares for an employees' stock option plan. During the year options were granted to employees in an aggregate amount of 13,500 shares at prices from \$1.425 to \$2.565 per share and options for 13,000 shares were cancelled as a result of termination of employment. At May 31, 1972 there were 35,000 shares outstanding pursuant to the plan.

Total shares under option at May 31, 1972 were 39,850, details of which are as follows:

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Exercisable to</u>
1,000 (officer)	\$2.18	August 6, 1976
34,000 (employees)	1.425 to 2.565	March 2, 1975 to November 29, 1976
<u>4,850</u>	market at exercise	December 31, 1972
<u>39,850</u>		

7. Commitments

The Company and its subsidiaries have, in the ordinary course of business, entered into various property leases with rentals of approximately \$67,920 per year.

8. Income Taxes

The Companies follow the deferred income tax method of accounting for income taxes. The Companies do not propose to claim depreciation, for income tax purposes in the current year with the result that at May 31, 1972 there is no deferred income tax liability. Losses which may be carried forward for income tax purposes and applied against future income amounted to approximately \$1,047,239 at May 31, 1972 and the capital cost of depreciable assets, for income tax purposes amounted to \$1,439,850 at that date. No provision for the deferred tax charge arising from the foregoing has been made in the accompanying financial statements.

9. Amounts Paid to Directors and Senior Officers

The aggregate direct remuneration paid by the Company and its subsidiaries to directors and senior officers for the year ended May 31, 1972 was \$162,077.

10. Subsequent event

Under date of June 7, 1972 the Company acquired all of the business and certain assets of another company for an aggregate consideration of \$715,000.

The agreement provides for a reduction of the purchase price in the event that the net earnings of the acquired business are less than a stipulated amount during the five year period ending May 31, 1977.

On June 7, 1972 the company obtained a bank loan in the amount of \$310,000. The loan is secured by a general assignment of accounts receivable, however the bank may under certain conditions require additional security. Although the loan is a demand loan, under the agreed terms of repayment it is repayable in five equal annual installments commencing May 15, 1973.

CORPORATE INFORMATION

EXECUTIVE OFFICE	631 - 8th AVENUE S.W. Calgary, Alberta T2P 0W9
BRANCHES	Calgary Edmonton Vancouver Regina
SUBSIDIARY COMPANIES	W. J. Dick & Co. Ltd. Winnipeg Exploration Data Exchange Ltd. Calgary
REGISTRAR AND TRANSFER AGENT	National Trust Company
STOCK EXCHANGE LISTING	Toronto Stock Exchange
AUDITORS	Peat, Marwick, Mitchell & Co. Calgary, Alberta
LEGAL COUNSEL	Saucier, Jones, Peacock, Black, Gain, Stratton & Laycraft
BANKERS	Royal Bank of Canada
ANNUAL MEETING	The Annual General Meeting of the Shareholders of Riley's DataShare International Ltd. will be held in the company's boardroom at 409 - 8th Ave. S.W. on November 21, 1972 at 10:00 a.m. A formal notice of meeting, together with a proxy statement and a form of proxy for those who are unable to attend, has been mailed to each shareholder.

AR11



DATASHARE
INTERNATIONAL LTD.



631 - 8TH AVENUE S.W. - CALGARY, ALBERTA T2P 0W9

INTERIM REPORT
FOR
SIX MONTHS ENDING
NOVEMBER 1972

TO THE SHAREHOLDERS:

Sales for the six-month period ended November 30, 1972 were \$1,938,400 compared with \$1,986,900 a year ago for a decrease of 2½ %. Earnings for the period were \$73,700 (.057 per share) compared with \$61,200 (.048 per share) for the same period a year ago for an increase of 20%. Of these earnings, \$54,400 came from operations compared with \$18,400 from this source a year ago. Extraordinary earnings were \$19,300 compared with \$42,800 last year. The majority of extraordinary earnings were savings in estimated shut down costs in Winnipeg and Ottawa.

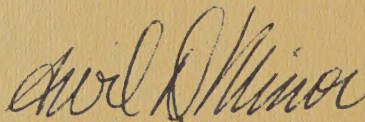
The company continues a program of upgrading production equipment and investment in marketing strengths.

The Petro Well Libraries Division is operating on pro forma.

The joint venture resulting from Digital Division efforts shows promise of significant growth. The Digital Division has become marginally profitable.

Our cash position remains strong. The outlook for the remainder of this year is good.

On behalf of the Board,

A handwritten signature in dark ink, appearing to read "Arvil D. Minor", written in a cursive style.

Arvil D. Minor,
President

January 9, 1973

RILEY'S DATASHARE INTERNATIONAL LTD.

CONSOLIDATED STATEMENT OF EARNINGS

(Subject to audit and year-end adjustments)

Six Months to November 30

1972

1971

Sales	\$ 1,938,400	\$ 1,986,900
Interest and other revenue	<u>4,500</u>	<u>14,200</u>
	<u>1,942,900</u>	<u>2,001,100</u>
Cost of goods sold & operating expenses	1,785,800	1,897,800
Depreciation and amortization	55,800	48,600
Amortization of research and development expenses	1,500	1,900
Interest:		
Long term debt	30,900	27,300
Other	<u>14,500</u>	<u>600</u>
	<u>1,888,500</u>	<u>1,976,200</u>
Net earnings before income taxes	54,400	24,900
Income taxes	<u>—</u>	<u>6,500</u>
Net earnings before extraordinary items	<u>54,400</u>	<u>18,400</u>
Extraordinary items — net:		
Adjustment of write down of research and development expenses	<u>—</u>	<u>36,800</u>
Savings on shut down costs	19,000	—
Gain or (Loss) on sale of fixed assets	300	(500)
Recovery of income taxes on application or prior year's loss carry forward	<u>—</u>	<u>6,500</u>
	<u>19,300</u>	<u>42,800</u>
Net earnings for the period	<u>\$ 73,700</u>	<u>\$ 61,200</u>

RILEY'S DATASHARE INTERNATIONAL LTD.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(Subject to audit and year-end adjustments)

Six Months to November 30

1972

1971

Source of funds:

Net earnings	\$ 73,700	\$ 61,200
Add (deduct) items not requiring cash outlay:		
Depreciation and amortization	57,300	50,500
Gain on sale of investments		—
(Gain) or loss on sale of fixed assets included in earnings	(300)	500
Funds provided from operations	130,700	112,200
Long term debt	88,400	5,500
Sale of Shares	40,000	—
Proceeds on sale of investments and fixed assets	20,100	900
Total funds available	<u>279,200</u>	<u>118,600</u>

Application of funds:

Purchase of fixed assets	432,800	35,900
Purchase of investments	22,500	—
Reduction of long term debt and contributions	52,900	64,900
Goodwill on acquisition of business	—	25,300
Other assets	—	4,200
Total funds applied	<u>508,200</u>	<u>130,300</u>

Increase (decrease) in working capital	<u>\$ (229,000)</u>	<u>\$ (11,700)</u>
--	---------------------	--------------------